

# **SUBCONTRACT/PURCHASE ORDER SPECIAL CONDITIONS**

In support of

## **DESIGN ON CALL CONSTRUCTION CONTRACT (DOCCC)**

**PRIME CONTRACT NO. NRO000-01-C-0313**

These Subcontract/Purchase Order Special Conditions are to be read in conjunction with the SUBCONTRACT GENERAL CONDITIONS (06-05) and/or PURCHASE ORDER TERMS AND CONDITIONS (05-01) as appropriate; and are to be considered supplementary to the SUBCONTRACT GENERAL CONDITIONS (03-92) and/or PURCHASE ORDER TERMS AND CONDITIONS (05-01) except in those cases where there is conflict, in which case these Special Conditions take precedence. CONTRACT refers to CONTRACTOR'S prime contract NRO 000-01-C-0313 with the U. S. Government (Department of the Air Force - NRO); SUBCONTRACT refers to this SUBCONTRACT between CONTRACTOR and SUBCONTRACTOR.

### **1.0 INCORPORATION OF FEDERAL ACQUISITION REGULATIONS (FAR) AND ALL APPLICABLE DEPARTMENT OF DEFENSE AND AIR FORCE SUPPLEMENTS**

1.1 In accordance with Federal Acquisition Regulations (FAR) clause 52.252-2, "CLAUSES INCORPORATED BY REFERENCE" (APR 1998), the following clauses are incorporated by reference, with the same force and effect as if they were given in full text except the word "CONTRACTOR" shall be substituted for the words "Contracting Officer", "Government" and equivalent wherever they appear, and the term "SUBCONTRACTOR" shall be substituted for the term "Contractor" wherever it appears for all clauses incorporated within paragraph 1.0 provided, however, that the terms "government", "Contracting Officer" and equivalent do not change: (1) in the phrases "government property" and "government-owned equipment"; (2) when a right, act, authorization, or obligation, can be granted or performed only by the government or the Prime Contract Contracting Officer or his/her duly authorized representative; (3) when access to proprietary financial information or other proprietary data is required; (4) when title to property is to be transferred directly to the government; and (5) where specifically modified.

This SUBCONTRACT incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the CONTRACTOR will make their full text available. Also, the full text of a FAR clause may be accessed electronically at this address: <http://farsite.hill.af.mil>. (N52.252-002)

### **1.2 FEDERAL ACQUISITION REGULATION (48 CFR CHAPTER 1) CLAUSES:**

<u>CLAUSE NUMBER</u>	<u>CLAUSE TITLE/DATE</u>
52.246-12	INSPECTION OF CONSTRUCTION (AUG 1996)
52.246-21.1	WARRANTY OF CONSTRUCTION (MAR 1994)
52.202-1	DEFINITIONS (OCT 1995)
52.203-3	ALTERNATE I (APR 1984)
52.203-5	GRATUITIES (APR 1984)
52.203-7	COVENANT AGAINST CONTINGENT FEES (APR 1984)
52.203-8	ANTI-KICKBACK PROCEDURES (JUL 1995)
52.203-10	CANCELLATION, RESCISSION, AND RECOVERY OF FUNDS FOR ILLEGAL OR IMPROPER ACTIVITY (JAN 1997)
52.203-12	PRICE OR FEE ADJUSTMENT FOR ILLEGAL OR IMPROPER ACTIVITY (JAN 1997)
	LIMITATION ON PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS (JUN 1997)

<u>CLAUSE NUMBER</u>	<u>CLAUSE TITLE/DATE</u>
52 204-2	SECURITY REQUIREMENTS (AUG 1996)
52 204-4	ALTERNATE II (APR 1984)
52.211-10	PRINTING/COPYING DOUBLE-SIDED ON RECYCLED PAPER (AUG 2000) (FAC 97-18)
52.211-12	COMMENCEMENT, PROSECUTION, AND COMPLETION OF WORK (APR 1984)
52.211-13	(In the blank spaces insert "See Section F")
52.211-15	LIQUIDATED DAMAGES--CONSTRUCTION (SEP 2000)
52.215-2	TIME EXTENSIONS (SEP 2000) (FAC 97-19)
52.215-11	DEFENSE PRIORITY AND ALLOCATION REQUIREMENTS
52.215-13	AUDIT AND RECORDS--NEGOTIATION (JUN 1999) (FAC 97-12)
52.215-15	PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA--MODIFICATIONS (OCT 1997) (FAC 97-02)
52.215-16	SUBCONTRACTOR COST OR PRICING DATA--MODIFICATIONS (OCT 1997)(FAC 97-02)
52.215-18	PENSION ADJUSTMENTS AND ASSET REVERSIONS (DEC 1998) (FAC 97-09)
52.215-19	FACILITIES CAPITAL COST OF MONEY (OCT 1987) (FAC 97-02)
52.215-20	REVERSION OR ADJUSTMENT OF PLANS FOR POSTRETIREMENT BENEFITS (PRB) OTHER THAN PENSIONS (PRB)(OCT 1997) (FAC 97-02)
52.215-21	NOTIFICATION OF OWNERSHIP CHANGES (OCT 1997) (FAC 97-02)
52.219-8	REQUIREMENTS FOR COST OR PRICING DATA OR INFORMATION OTHER THAN COST OR PRICING DATA (OCT 1997) (FAC 97-02)
52.219-9	REQUIREMENTS FOR COST OR PRICING DATA OR INFORMATION OTHER THAN COST OR PRICING DATA--MODIFICATIONS (OCT 1997) (FAC 97-02)
52.219-16	ALTERNATE I (OCT 1997) (FAC 97-02)
52.222-1	UTILIZATION OF SMALL BUSINESS CONCERNS (OCT 1999) (FAC 97-13)
52.222-3	SMALL BUSINESS SUBCONTRACTING PLAN (OCT 2000)
52.222-4	ALTERNATE II (JAN 1999) (FAC 97-10)
52.222-6	LIQUIDATED DAMAGES--SUBCONTRACTING PLAN (JAN 1999) (FAC 97-10)
52.222-7	NOTICE TO THE GOVERNMENT OF LABOR DISPUTES (FEB 1997)
52.222-8	CONVICT LABOR (AUG 1996)
52.222-9	CONTRACT WORK HOURS AND SAFETY STANDARDS
52.222-10	ACT--OVERTIME COMPENSATION (SEP 2000) (FAC 97-19)
52.222-11	DAVIS-BACON ACT (FEB 1995)
52.222-12	WITHHOLDING OF FUNDS (FEB 1988)
52.222-13	PAYROLLS AND BASIC RECORDS (FEB 1988)
52.222-14	APPRENTICES AND TRAINEES (FEB 1988)
52.222-15	COMPLIANCE WITH COPELAND ACT REQUIREMENTS (FEB 1988)
52.222-23	SUBCONTRACTS (LABOR STANDARDS) (FEB 1988)
52.222-21	CONTRACT TERMINATION--DEBARMENT (FEB 1988)
	COMPLIANCE WITH DAVIS-BACON AND RELATED ACT REGULATIONS (FEB 1988)
	DISPUTES CONCERNING LABOR STANDARDS (FEB 1988)
	CERTIFICATION OF ELIGIBILITY (FEB 1988)
	NOTICE OF REQUIREMENT FOR AFFIRMATIVE ACTION TO ENSURE EQUAL EMPLOYMENT OPPORTUNITY FOR CONSTRUCTION (FEB 1999)
	PROHIBITION OF SEGREGATED FACILITIES (FEB 1999) (FAC 97-10)

<u>CLAUSE NUMBER</u>	<u>CLAUSE TITLE/DATE</u>
52.222-26	EQUAL OPPORTUNITY (FEB 1999) (FAC 97-10)
52.222-27	AFFIRMATIVE ACTION COMPLIANCE REQUIREMENTS FOR CONSTRUCTION (FEB 1999)
52.222-35	AFFIRMATIVE ACTION FOR DISABLED VETERANS AND VETERANS OF THE VIETNAM ERA (APR 1998) (FAC 97-04)
52.222-36	AFFIRMATIVE ACTION FOR WORKERS WITH DISABILITIES (JUN 1998) (FAC 97-05)
52.222-37	EMPLOYMENT REPORTS ON DISABLED VETERANS AND VETERANS OF THE VIETNAM ERA (JAN 1999) (FAC 97-10)
52.223-5	POLLUTION PREVENTION AND RIGHT-TO-KNOW INFORMATION (APR 1998) (FAC 97-04)
52.223-6	DRUG-FREE WORKPLACE (JAN 1997)
52.223-14	TOXIC CHEMICAL RELEASE REPORTING (OCT 2000) (FAC 97-19)
52.225-11	BUY AMERICAN ACT-BALANCE OF PAYMENTS PROGRAM-CONSTRUCTION MATERIALS UNDER TRADE AGREEMENTS (FEB 2000) (FAC 97-15)
	(In the blank space in paragraph (b)(3) insert "None".)
52.225-12	ALTERNATE I (FEB 2000)(FAC 97-15)
	NOTICE OF BUY AMERICAN ACT/BALANCE OF PAYMENT PROGRAM REQUIREMENT-CONSTRUCTION MATERIALS UNDER TRADE AGREEMENTS (FEB 2000) (FAC 97-15)
52.225-13	RESTRICTIONS ON CERTAIN FOREIGN PURCHASES (JUL 2000) (FAC 97-18)
52.226-1	UTILIZATION OF INDIAN ORGANIZATIONS AND INDIAN-OWNED ECONOMIC ENTERPRISES (FEB 2000)(FAC 97-15)
52.227-1	AUTHORIZATION AND CONSENT (JUL 1995)
52.227-4	ALTERNATE I (APR 1984)
52.227-10	PATENT INDEMNITY-CONSTRUCTION CONTRACTS (APR 1984)
52.227-11	FILING OF PATENT APPLICATION-CLASSIFIED SUBJECT MATTER (APR 1984)
52.227-12	PATENT RIGHTS-RETENTION BY THE CONTRACTOR (SHORT FORM) (JUN 1997)
52.228-1	PATENT RIGHTS-RETENTION BY THE CONTRACTOR (LONG FORM) (JAN 1997)
	BID GUARANTEE (SEP 1996)
52.228-5	(In the blanks in paragraph (c) insert "twenty percent (20%)" and "\$3,000,000", respectively.)
52.228-11	INSURANCE-WORK ON A GOVERNMENT INSTALLATION (JAN 1997)
52.228-15	PLEDGES OF ASSETS (FEB 1992)
	PERFORMANCE AND PAYMENT BONDS-CONSTRUCTION (JUL 2000) (FAC 97-19)
52.229-3	FEDERAL STATE, AND LOCAL TAXES (JAN 1991)
52.229-5	TAXES-CONTRACTS PERFORMED IN U.S. POSSESSIONS OR -PUERTO RICO (APR 1984)
52.230-2	COST ACCOUNTING STANDARDS (APR 1998) (FAC 97-04)
52.230-6	ADMINISTRATION OF COST ACCOUNTING STANDARDS (NOV 1999) (FAC 97-14)
52.232-17	INTEREST (JUN 1996)
52.232-23	ASSIGNMENT OF CLAIMS (JAN 1986)
52.232-27	PROMPT PAYMENT FOR CONSTRUCTION CONTRACTS (JUN 1997)
52.236-3	SITE INVESTIGATION AND CONDITIONS AFFECTING THE WORK (APR 1984)
52.236-5	MATERIAL AND WORKMANSHIP (APR 1984)
52.236-2	DIFFERING SITE CONDITIONS (APR 1984)

<u>CLAUSE NUMBER</u>	<u>CLAUSE TITLE/DATE</u>
52.236-6	SUPERINTENDENCE BY THE CONTRACTOR (APR 1984)
52.236-7	PERMITS AND RESPONSIBILITIES (NOV 1991)
52.236-8	OTHER CONTRACTS (APR 1984)
52.236-9	PROTECTION OF EXISTING VEGETATION, STRUCTURES, EQUIPMENT, UTILITIES AND IMPROVEMENTS (APR 1984)
52.236-10	OPERATIONS AND STORAGE AREAS (APR 1984)
52.236-11	USE AND POSSESSION PRIOR TO COMPLETION (APR 1984)
52.236-12	CLEANING UP (APR 1984)
52.236-13	ACCIDENT PREVENTION (NOV 1991)
52.236-14	ALTERNATE I (NOV 1991)
52.236-23	AVAILABILITY AND USE OF UTILITY SERVICES (APR 1984)
52.236-24	RESPONSIBILITY OF THE ARCHITECT-ENGINEER CONTRACTOR (APR 1984)
52.236-25	WORK OVERSIGHT IN ARCHITECT-ENGINEER CONTRACTS (APR 1984)
52.242-13	REQUIREMENTS FOR REGISTRATION OF DESIGNERS (APR 1984)
52.242-14	BANKRUPTCY (JUL 1995)
52.243-1	SUSPENSION OF WORK (APR 1984)
52.243-4	CHANGES (AUG 1987)
52.243-7	ALTERNATE III (APR 1984)
52.244-2	CHANGES (AUG 1987)
52.244-6	NOTIFICATION OF CHANGES (APR 1984)
52.245-4	(Insert "30" in the blanks in paragraphs (b) and (d))
52.249-2	SUBCONTRACTS (AUG 1998) (FAC 97-05)
52.249-10	ALTERNATE I (AUG 1998) (FAC 97-05)
	SUBCONTRACTS FOR COMMERCIAL ITEMS AND COMMERCIAL COMPONENTS (OCT 1998) (FAC 97-09)
	GOVERNMENT-FURNISHED PROPERTY (SHORT FORM) (APR 1984)
	TERMINATION FOR THE CONVENIENCE OF THE GOVERNMENT (FIXED PRICE) (SEP 1996)
	ALTERNATE I (SEP 1996)
	DEFAULT (FIXED-PRICE CONSTRUCTION) (APR 1984)

1.3 NRO ACQUISITION MANUAL CLAUSES

<u>CLAUSE NUMBER</u>	<u>CLAUSE TITLE/DATE</u>
N52.246-005	MATERIAL INSPECTION AND RECEIVING REPORT (MAR 1996)
N52.246-006	(DFARS 252.246-7000)
N52.203-001	REQUIREMENT FOR DATA ACCEPTANCE (MAR 1996)
N52.203-003	NRO HOTLINE (OCT 1997)
N52.203-004	PROHIBITION ON PERSONS CONVICTED OF FRAUD OR OTHER DEFENSE-CONTRACT-RELATED FELONIES (DEC 1999) (DFARS 252.203-7001) (NAC 00-01)
N52.204-002	PERSONAL CONDUCT (APR 1997)
N52.204-003	CONTRACTOR PERSONNEL (MAR 1996)
N52.204-004	SPECIAL NOTIFICATION AND APPROVAL REQUIREMENTS (JUL 1996)
N52.209-001	CONTRACT CLAUSE NUMBERING (MAR 1996)
N52.209-008	ACQUISITION FROM SUBCONTRACTORS SUBJECT TO ON-SITE INSPECTION UNDER THE INTERMEDIATE-RANGE NUCLEAR FORCES (INF) TREATY (MAR 1996)
	ORGANIZATIONAL CONFLICT OF INTEREST: GENERAL (MAR 1996)



<u>CLAUSE NUMBER</u>	<u>CLAUSE TITLE/DATE</u>
N52.223-005	PROHIBITION ON STORAGE AND DISPOSAL OF TOXIC AND HAZARDOUS MATERIALS (OCT 1997)
N52.223-006	CONTRACTOR COMPLIANCE WITH ENVIRONMENTAL, OCCUPATIONAL SAFETY AND HEALTH, AND SYSTEM SAFETY REQUIREMENTS (OCT 1997)
N52.227-014	TECHNICAL DATA--COMMERCIAL ITEMS (MAR 1996) (DFARS 252.227-7015)
N52.227-015	RIGHTS IN TECHNICAL DATA--NONCOMMERCIAL ITEMS (MAR 1996) (DFARS 252.227-7013)
N52.227-017	VALIDATION OF RESTRICTIVE MARKINGS ON TECHNICAL DATA (DEC 1999) (DFARS 252.227-7037) (NAC 00-01)
N52.227-019	LIMITATIONS ON THE USE OR DISCLOSURE OF GOVERNMENT-FURNISHED INFORMATION MARKED WITH RESTRICTIVE LEGENDS (MAR 1996) (DFARS 252.227-7025)
N52.227-021	RIGHTS IN BID OR PROPOSAL INFORMATION (MAR 1996) (DFARS 252.227-7016)
N52.227-022	TECHNICAL DATA--WITHHOLDING OF PAYMENT (MAR 1996) (DFARS 252.227-7030)
N52.227-023	CERTIFICATION OF TECHNICAL DATA CONFORMITY (JAN 1997) (DFARS 252.227-7036)
N52.227-031	RIGHTS IN SHOP DRAWINGS (MAR 1996) (DFARS 252.227-7033)
N52.227-033	RIGHTS IN NONCOMMERCIAL COMPUTER SOFTWARE AND NONCOMMERCIAL COMPUTER SOFTWARE DOCUMENTATION (MAR 1996) (DFARS 252.227-7014)
N52.227-035	VALIDATION OF ASSERTED RESTRICTIONS: COMPUTER SOFTWARE (MAR 1996) (DFARS 252.227-7019)
N52.227-036	DATA REQUIREMENTS (MAR 1996)
N52.231-001	SUPPLEMENTAL COST PRINCIPLES (MAR 1996)
N52.232-009	CONSIDERATION AND PAYMENT - SUBMISSION OF DD250 (MAR 1996)
N52.236-001	CONTRACT DRAWINGS, MAPS, AND SPECIFICATIONS (MAR 1996) (DFARS 252.236-7001)
N52.242-001	AUTHORITY AND DESIGNATION OF A CONTRACTING OFFICER'S TECHNICAL REPRESENTATIVE (COTR) (MAR 1996)
N52.243-001	CONTRACT CHANGE PROPOSALS (MAR 1996)
N52.243-003	REQUESTS FOR EQUITABLE ADJUSTMENT (DEC 1999) (DFARS 252.243-7002) (NAC 00-01)
N52.245-001	PROPERTY ADMINISTRATION AND CONTROL (SEP 1996)
N52.245-005	PROHIBITION ON CONTRACTOR ACQUISITION OF PERSONAL PROPERTY FOR USE BY GOVERNMENT EMPLOYEES (MAR 2000) (NAC 00-02)
N52.252-004	AUTHORIZED DEVIATIONS IN CLAUSES (JUL 1998) (NAC 98-04)

## 2.0 ANTI-KICKBACK NOTICE

SUBCONTRACTOR'S attention is directed to the prohibitions contained within the Anti-Kickback Act of 1986 (FAR Clause 52.203-7), highlights of which are: Subcontractors and suppliers are prohibited from offering any money, fee, commission, credit, gift, gratuity, thing of value or compensation of any kind directly or indirectly to Kellogg Brown & Root Services, Inc. employees for the purpose of improperly obtaining or rewarding favorable treatment in connection with a prime contract or in connection with a subcontract relating to a prime contract.

### 3.0 STOP-WORK ORDER

3.1 CONTRACTOR may, at any time, by written order to the SUBCONTRACTOR, require the SUBCONTRACTOR to stop all, or any part, of the work called for by this SUBCONTRACT for a period of 90 days after the order is delivered to the SUBCONTRACTOR, and for any further period to which the parties may agree. The order shall be specifically identified as a stop-work order issued under this clause. Upon receipt of the order, the SUBCONTRACTOR shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage. Within a period of 90 days after a stop-work order is delivered to the SUBCONTRACTOR, or within any extension of that period to which the parties shall have agreed, the CONTRACTOR shall either-

- (1) Cancel the stop-work; or
- (2) Terminate the work covered by the order as provided in the Default, or the Termination for Convenience of the Government, clause of this SUBCONTRACT.

3.2 If a stop-work order issued under this clause is canceled or the period of the order or any extension thereof expires, the SUBCONTRACTOR shall resume work. The CONTRACTOR shall make an equitable adjustment in the delivery schedule or SUBCONTRACT price, or both, and the SUBCONTRACT shall be modified, in writing accordingly, if-

- (1) The stop-work order results in an increase in the time required for, or in the SUBCONTRACTOR'S cost properly allocable to, the performance of any part of this SUBCONTRACT; and
- (2) The SUBCONTRACTOR asserts a claim for the adjustment within 15 days after the end of the period of work stoppage; provided, that, if the CONTRACTOR decides the facts justify the action, the CONTRACTOR may receive and act upon the claim asserted at any time before final payment under this SUBCONTRACT.

3.3 If a stop-work order is not canceled and the work covered by the order is terminated for the convenience of the Government, the CONTRACTOR shall allow reasonable costs resulting from the stop-work order in arriving at the termination settlement.

3.4 If a stop-work order is not canceled and the work covered by the order is terminated for default, the CONTRACTOR shall allow, by equitable adjustment or otherwise, reasonable costs resulting from the stop-work order.

3.5 Notwithstanding the above, where the stop-work order is occasioned by the imposition of such stop-work order by the Government on the CONTRACTOR, SUBCONTRACTOR will be entitled to only such adjustment that is awarded to the CONTRACTOR to the extent such adjustment relates to this SUBCONTRACT.

### 4.0 DISPUTES

4.1 Notwithstanding any other provision in this SUBCONTRACT, any decision of the Government's Contracting Officer pursuant to the contract between CONTRACTOR and the Department of the Air Force (Prime Contract) which binds CONTRACTOR shall bind both CONTRACTOR and SUBCONTRACTOR to the extent that it relates to the SUBCONTRACT, provided (1) CONTRACTOR promptly notifies SUBCONTRACTOR of the decision, and (2) if requested by the SUBCONTRACTOR, CONTRACTOR appeals the decision in accordance with the Disputes clause of the Prime Contract and takes whatever further action is required under this clause.

4.2 Any decision on the appeal, or any other decision of the Government under the Prime Contract that is binding on the CONTRACTOR and cannot be appealed under the Disputes clause of the Prime Contract, shall also bind the CONTRACTOR and the SUBCONTRACTOR to the extent that it relates to the SUBCONTRACT, provided CONTRACTOR promptly notifies SUBCONTRACTOR of the decision

and, if requested by the SUBCONTRACTOR, brings suit or files a claim, as appropriate, against the Government. A final judgment in the suit shall be conclusive upon the CONTRACTOR and SUBCONTRACTOR.

4.3 If requested by the CONTRACTOR, SUBCONTRACTOR shall assume the burden of prosecuting for CONTRACTOR any appeal, suit, or claim initiated by CONTRACTOR at SUBCONTRACTOR'S request. Each party shall cooperate fully in assisting the other party in the proceedings. If any appeal, suit, or claim is prosecuted by CONTRACTOR under this clause, SUBCONTRACTOR shall be permitted to participate fully in the prosecution for the purpose of protecting its interests.

4.4 Pending any decision, appeal, suit or claim pursuant to this clause, SUBCONTRACTOR shall proceed diligently with performance of this SUBCONTRACT. All costs and expenses incurred by SUBCONTRACTOR and CONTRACTOR in prosecuting any appeal, suit or claim initiated by CONTRACTOR at SUBCONTRACTOR'S request shall be paid by SUBCONTRACTOR. The rights and obligations of CONTRACTOR and SUBCONTRACTOR under this SUBCONTRACT shall survive completion of, and final payment under, this SUBCONTRACT.

## 5.0 CHANGES

5.1 CONTRACTOR may, at any time, without notice to the sureties, if any, by written order designated or indicated to be a change order, make changes in the work within the general scope of the SUBCONTRACT, including changes:

- (1) in the specifications (including drawings and designs);
- (2) in the method or manner of performance of the work;
- (3) in the Government-furnished facilities, equipment, materials, services, or site; or,
- (4) directing acceleration in the performance of the work.

5.2 Any other written or oral order (which, as used in this paragraph 5.2 includes direction, instruction, interpretation, or determination) from the CONTRACTOR that causes a change shall be treated as a change order under this clause; provided, that the SUBCONTRACTOR gives the CONTRACTOR written notices stating (1) the date, circumstances, and source of the order and (2) that the SUBCONTRACTOR regards the order as a change order.

5.3 Except as provided in this clause, no order, statement, or conduct of the CONTRACTOR shall be treated as change order under this clause or entitle the SUBCONTRACTOR to an equitable adjustment.

5.4 If any change under this clause causes an increase or decrease in the SUBCONTRACTOR'S cost of, or time required for, the performance of any part of the work under this SUBCONTRACT, whether or not changed by any such order, the CONTRACTOR shall make an equitable adjustment and modify the SUBCONTRACT in writing. However, except for an adjustment based on defective specifications, no adjustment for any change under paragraph 5.2 of this clause shall be made for any costs incurred more than twenty (20) days before CONTRACTOR gives written notice as required under the Prime Contract to the Government. In the case of defective specifications for which the CONTRACTOR is responsible, the equitable adjustment shall include any increased cost reasonably incurred by the SUBCONTRACTOR in attempting to comply with the defective specifications.

5.5 The SUBCONTRACTOR must assert its right to an equitable adjustment under this clause within fifteen (15) days after (1) receipt of a written change order under paragraph 5.1 of this clause, or (2) the furnishing of a written notice under paragraph 5.2 of this clause, by submitting to the CONTRACTOR a written statement describing the general nature and amount of the proposal including a detailed cost breakdown. Included costs must conform to FAR, Part 31 (including the DOD FAR Supplement). As required by FAR supplement, no profit on General & Administrative Overhead may be included. The statement of proposal of adjustment may be included in the notice under paragraph 5.2 above.

5.6 SUBCONTRACTOR shall not submit nor shall CONTRACTOR accept a proposal for an equitable adjustment if asserted after the fifteen (15) day period set forth in paragraph 5.5 above

#### **6.0 VALUE ENGINEERING**

6.1 SUBCONTRACTOR is encouraged to develop, prepare and submit value engineering change proposals (VECP'S) voluntarily. The SUBCONTRACTOR shall share in any award on an equal basis with CONTRACTOR (to the extent that it involves this SUBCONTRACT) that CONTRACTOR receives from the Government for any instant contract savings under the prime contract.

6.2 All definitions associated with the VECP'S shall be as stated in FAR 52.248-1.

6.3 SUBCONTRACTOR shall provide CONTRACTOR with any and all information required from SUBCONTRACTOR to enable CONTRACTOR to submit VECP'S to the Government pursuant to the requirements of FAR 52.248-1.

6.4 If a VECP is accepted by the Government, the SUBCONTRACTOR hereby grants the Government unlimited rights in the VECP and supporting data, except that, with respect to data qualifying and submitted as limited rights technical data, the Government, shall have the rights specified in the prime contract modification implementing the VECP and shall appropriately mark the data. (The terms "unlimited rights" and "limited rights" are defined in Part 27 of the FAR).

#### **7.0 COMMENCEMENT, PROSECUTION AND COMPLETION OF WORK**

The SUBCONTRACTOR will be required to (a) commence work under this SUBCONTRACT on the required Start Date as stated in the Subcontract Terms, (b) prosecute the work diligently, and (c) complete the entire work ready for use (including completion of all punchlist items and clean-up) not later than the Completion Date as stated in the SUBCONTRACT Terms. However, any delays in giving notice to proceed, attributable to SUBCONTRACTOR'S failure to execute the SUBCONTRACT and give the required performance and payment bonds (if any) will be deducted from the number of days allowed for completion in the SUBCONTRACT Terms.

#### **8.0 PERFORMANCE EVALUATION OF SUBCONTRACTOR**

8.1 SUBCONTRACTOR'S performance will be evaluated upon final acceptance of the work. However, interim evaluation may be prepared at any time during the SUBCONTRACT performance when determined to be in either the best interest of the CONTRACTOR or the Government.

8.2 CONTRACTOR will use whatever format for evaluation it chooses, including the SF1420. CONTRACTOR reserves the right to forward its evaluation to the Government if so requested by the Government's Contracting Officer.

#### **9.0 CONTRACTUAL RELATIONSHIP**

There is no privity of contract between SUBCONTRACTOR and the OWNER. All communications on this project (oral and written) shall be addressed to CONTRACTOR. There may be certain instances, whereby SUBCONTRACTOR may be required to submit reports directly to the Government. This may be accomplished with a copy being provided directly to the CONTRACTOR'S Program Manager.

#### **10.0 LOWER-TIER SUBCONTRACT CONDITIONS**

10.1 SUBCONTRACTOR shall include in its lower-tier subcontracts (including purchase orders) all Government Contracting clauses as detailed in Paragraph 1.0.



#### 11.0 CONFLICTING REQUIREMENTS

11.1 Any conflict between the specifications, data sheets, drawings, referenced national standards, and codes shall be brought to the CONTRACTOR'S attention, and approved written clarification shall be obtained before proceeding.

#### 12.0 EXPEDITING AND INSPECTION

12.1 CONTRACTOR reserves the right to expedite and/or inspect equipment, materials and services covered by any resultant SUBCONTRACT at any location, including lower-tier subcontracts. Access shall be given to representatives of CONTRACTOR and its client at all reasonable times under adequate notice to SUBCONTRACTOR, so that SUBCONTRACTOR may advise any involved lower-tier subcontractor. The SUBCONTRACTOR shall ensure that all of the expediting and inspection clauses included in this SUBCONTRACT are made part of any lower-tier subcontract.

#### 13.0 INVOICING

13.1 Invoices received that do not agree with the provisions of this SUBCONTRACT will be returned for correction. Invoices shall reference this SUBCONTRACT number and shall show shipping point, quantities shipped and description, as well as price. SUBCONTRACTOR'S failure to provide specified vendor data requirements will result in payment of invoices being delayed.

#### 14.0 ORDER OF PRECEDENCE

14.1 In case of conflicts between various SUBCONTRACT documents, the following order of precedence shall be used to settle said conflicts:

- Change Order (s) (latest one issued)
- Subcontract Terms
- Subcontract Special Conditions
- Special Subcontract Requirements
- Subcontract General Conditions/Purchase Order Terms and Conditions
- Specifications (unless specifically stated otherwise elsewhere within the Subcontract documents)
- Drawings
- Schedules shown on drawings
- Details shown on drawings
- Individual drawing sheets

#### 15.0 INSURANCE (NOTE: FOR WORK TO BE PERFORMED ON ANY GOVERNMENT OR GENERAL CONTRACTOR OWNED FACILITIES)

##### 15.1 Insurance

Supplementing General Condition 5.2, Insurance, SUBCONTRACTOR shall provide to Kellogg Brown & Root Services, Inc. its insurance certificate stating the names and addresses of its insurance carriers and certifying that its insurance coverage meets the requirements of General Condition 5.2, Insurance, with respect to type and form and that its limits meet the following minimum requirements:

- 15.1.1 Comprehensive general liability insurance: \$500,000 per occurrence
- 15.1.2 Comprehensive automobile liability insurance: \$200,000 per person and \$500,000 per occurrence for bodily injury and \$20,000 per occurrence for property damage.
- 15.1.3 Workmen's Compensation and Employer's Liability Insurance: Comply with Federal and State Worker's Comp and Occupational Disease Statutes. If occupational diseases are

not compensable under those statutes, they shall be covered under the employer's liability section of the insurance policy, except when SUBCONTRACT operations are so commingled with a SUBCONTRACTOR'S commercial operation that it would not be practical to require this coverage. Employer's liability coverage of at least \$100,000 shall be required, except in states with exclusive or monopolistic funds that do not permit workers' compensation to be written by private carriers. (NOTE: The States of California, New Jersey, New York and Rhode Island have imposed upon employers the obligation to afford benefits for arising out of employment. Employers may, under state law, be given the option of insuring with companies or underwriters or of self-insuring this obligation.)

15.1.4 Bailed Property: \$100,000 per occurrence.

15.1.5 Other as required by State Law.

15.1.6 Above insurance coverage's are to extend to lower-tier Subcontractor personnel operating Government and SUBCONTRACTOR owned equipment and vehicles.

Insurance shall be certified using the attached Certificate of Insurance, Exhibit A, form. This form must be received prior to start of work at the jobsite. The policies evidencing required insurance shall contain an endorsement to the effect that any cancellation or any material change adversely affecting the Government's interest shall not be effective (1) for such period as the laws of the State in which this SUBCONTRACT is to be performed prescribe, or (2) until 30 days after the insurer or the SUBCONTRACTOR gives written notice to the CONTRACTOR, whichever period is longer. The insurance specified above shall contain waivers of subrogation in favor of Kellogg Brown & Root Services, Inc. and the U.S. Government and an assignment of statutory lien to Kellogg Brown & Root Services, Inc. if applicable. The insurance shall also name Kellogg Brown & Root Services, Inc., the U.S. Government and Kellogg Brown & Root Services, Inc.'s other subcontractors and all of their affiliates as Additional Insureds.

The SUBCONTRACTOR shall submit Insurance Certificates to the CONTRACTOR as soon as possible after award of a work release/subcontract but in any event prior to commencing work. The SUBCONTRACTOR shall insert the substance of this clause, including this paragraph, in all lower-tier subcontracts under this SUBCONTRACT that require work on a Government installation and shall require subcontractors to provide and maintain the insurance required above. The SUBCONTRACTOR shall maintain a copy of all lower-tier subcontractors' proofs of required insurance, and shall provide copies to the CONTRACTOR as soon as possible after award but in any event prior to the lower tier subcontractor commencing work.

#### 16.0 NOTIFICATION OF GOVERNMENT SECURITY ACTIVITY

Thirty (30) days prior to the date the SUBCONTRACTOR'S operations will begin on base, the SUBCONTRACTOR shall provide the following information to the CONTRACTOR who is responsible to notify the Security Office shown in the distribution block of the NF 4.4702, Contract Security Specification as to --

- (a) The name, address, and telephone number of this SUBCONTRACT company's representative and designated alternate in the U.S. or overseas area, as appropriate;
- (b) The SUBCONTRACT number, and military contracting command;
- (c) The highest classification category of defense information to which SUBCONTRACTOR employees will have access;
- (d) The AF installation(s) in the U.S. (in overseas areas identify only the APO number(s) where the SUBCONTRACT work will be performed;

- (e) The date SUBCONTRACTOR operations will begin on-base in the U.S. or in the overseas area;
- (f) The estimated completion date of operations on base in the U.S. or in the overseas area, and
- (g) Any changes to information previously provided under this clause.

**17.0 HEALTH AND SAFETY ON GOVERNMENT INSTALLATIONS (JUN 1997)**

(a) In performing work under this SUBCONTRACT on a Government installation, the SUBCONTRACTOR shall –

- (1) Comply with specific safety requirements established by this SUBCONTRACT;
  - (2) Comply with health and safety rules of the Government installation that concern related activities not directly addressed in this SUBCONTRACT;
  - (3) Take all reasonable steps and precautions to prevent accidents and preserve the health and safety of SUBCONTRACTOR, CONTRACTOR and Government personnel performing or in any way coming in contact with the performance of this SUBCONTRACT; and
  - (4) Take such additional immediate precautions as the Contracting Officer and/or CONTRACTOR may for health and safety purposes.
- (b) The Contracting Officer may, by written order, direct Air Force Occupational Safety and Health Standards (AFOSH) and/or health/safety standards as may be required in the performance of this SUBCONTRACT and any adjustments resulting from such direction will be in accordance with the "Changes" clause of this SUBCONTRACT.
- (c) Any violation of these health and safety rules and requirements, unless promptly corrected as directed by the Contracting Officer and/or CONTRACTOR, shall be grounds for termination of this SUBCONTRACT in accordance with the Default clause of this SUBCONTRACT.

**18.0 CONTRACTOR ACCESS TO AIR FORCE INSTALLATIONS**

- (a) The CONTRACTOR shall obtain base identification and vehicle passes for all CONTRACTOR and SUBCONTRACTOR personnel who make frequent visits to or perform work on the Air Force installation(s) cited in the SUBCONTRACT. SUBCONTRACTOR personnel are required to wear or prominently display installation identification badges or Contractor-furnished, SUBCONTRACTOR identification badges while visiting or performing work on the installation.
- (b) The SUBCONTRACTOR shall submit a written request on company letterhead to the CONTRACTOR listing the following: SUBCONTRACT number, location of work site, start and stop dates, and names of employees and subcontractor employees needing access to the base. The letter will also specify the individual(s) authorized to sign for a request for base identification credentials or vehicle passes. The CONTRACTOR will verify the request and forward it to the issuing base pass and registration office or security police for processing. When reporting to the registration office, the authorized SUBCONTRACTOR individual(s) should provide a valid driver's license, current vehicle registration, valid vehicle insurance certificate to obtain a vehicle pass.
- (c) During performance of the SUBCONTRACT, the SUBCONTRACTOR shall be responsible for obtaining required identification for newly assigned personnel and for prompt return of credentials and vehicle passes for any employee who no longer requires access to the work site.

- (d) When work under this SUBCONTRACT requires unescorted entry to controlled or restricted areas, the CONTRACTOR shall comply with AFI 31-209, the Air Force Resource Protection Program, and AFI 31-501, Personnel Security Program Management, as applicable.
- (e) Upon completion or termination of the SUBCONTRACT or expiration of the identification passes, the CONTRACTOR shall ensure that all base identification passes issued to employees and SUBCONTRACTOR employees are returned to the issuing office.
- (f) Prior to submitting an invoice for final payment, the CONTRACTOR shall obtain a clearance certification from the issuing office which states all base identification passes have been turned in, accounted for, or transferred to a follow-on contract. This certification shall be submitted to the CONTRACTOR prior to submission of the final invoice for payment.
- (g) Failure to comply with these requirements may result in withholding of final payment.